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UNCLAS SECTION 01 OF 02 KUWAIT 000135

SIPDIS

BAGHDAD FOR AMBASSADOR JONES

E.O. 12958: N/A

TAGS: [ETRD](#) [PREL](#) [KU](#) [IZ](#)

SUBJECT: (SBU) USTR PROPOSES DELAY IN TIFA SIGNING

REF: A. BUNTING/CARRIG EMAIL CORRESPONDENCE 11/12JAN04

- [B](#). 2004 KUWAIT 5801
- [C](#). 2003 KUWAIT 5625
- [D](#). 2003 KUWAIT 5344
- [E](#). 2003 KUWAIT 5138
- [F](#). 2003 KUWAIT 5103
- [G](#). 2003 KUWAIT 4842
- [H](#). 2003 STATE 285162
- [I](#). 2003 KUWAIT 3316

- [1](#). (U) Comment and Action Request at para 9.
- [2](#). (U) Sensitive but unclassified; please protect accordingly.
- [3](#). (SBU) Summary. Embassy requests Department intervene with USTR to maintain the scheduled 10 February TIFA signing and economic reform discussions with GOK in Washington, even if USTR Zoellick is unavailable. At our urging, the GOK and Kuwait private sector have gone to great lengths to organize a three-nation trip, UK-US-Italy, which is in jeopardy if the U.S. centerpiece should fall through. End Summary.
- [4](#). (SBU) On 10 January 2004, USTR informed Embassy (Ref A) that the signing ceremony for a Trade and Investment Framework Agreement (TIFA) and the substantive trade discussions that may commence only after the TIFA has been signed, should be rescheduled. We understand that a change in the travel plans of USTR Ambassador Zoellick would cancel the USG-GOK agreed-to 10 February 2004 ceremony date. USTR suggests rescheduling this critical bi-lateral economic initiative to some yet-to-be determined date in the Spring.
- [5](#). (SBU) At Embassy urging, GOK at the senior level has engaged actively in preparations for the TIFA signing and follow on trade discussions in Washington (Ref D). The run up to agreeing on the 10 February signing was a complicated process on both sides. However, when USTR requested that date on 15 December 2003, GOK immediately agreed and began detailed preparations for the trip to Washington.
- [6](#). (SBU) Kuwait sees the TIFA signing and Washington trade meetings as integral to GOK's much-hoped-for private sector participation in Iraq development programs and the eventual signing of a Middle East Free Trade Agreement. The TIFA signing has been incorporated as the political linchpin stop in a 2-13 February London-Washington-Rome GOK road show to present Kuwait's advantages as a "Service Hub" for the region. For example, the TIFA and the idea of Kuwait as a natural economic gateway to Iraq were discussed favorably with U.S. Department of Commerce A/S William Lash during his 9 December call on Minister of Commerce and Industry H.E. Abdul Rahman al-Taweel (Ref C).
- [7](#). (SBU) The Higher Committee for Economic Development and Reform, headed by Minister of Foreign Affairs H.E. Shaykh Dr. Mohammed Sabah al-Salem al-Sabah, is Kuwait's signal reform organization (Ref I). GOK has assigned the Committee stewardship of next month's three-nation road show program. Embassy has worked with the Committee's government and private sector membership closely both to secure GOK's agreement to enter into a TIFA and in preparing for the follow on regulatory and legal reform negotiations work of the Council to be established subsequent to TIFA signing (Ref E).
- [8](#). (SBU) The Committee is fielding a senior, preponderantly Ministries of Finance and Commerce delegation for the Washington portion of the trip. These officials, led by the Minister of Commerce and Industry -- who is second only to Dr. Mohammed as a proponent of economic reform -- are said prepared to immediately engage on important bi-lateral trade irritants that Embassy has clarified for Kuwait. USG reservations, especially regarding IPR enforcement and equal tax treatments are high on the GOK's reform agenda and some are being addressed formally here already (Ref B). The Committee's delegation is rounded out with senior private sector executives, some of whom have established significant investment funds targeted for infrastructure, telecommunications and leisure facility development in Iraq (Ref F). GOK sees the three-nation road show and the TIFA signing as flowing naturally from the Reconstruct Iraq Exhibition that Kuwait hosts 19-23 January 2004. Some 1100 international firms, including 25 U.S. companies, will have a

presence at the Exhibition; CPA, Exim and OPIC will participate as well.

9. (SBU) Comment and Action Request. It is too late in the game for USTR to propose further delay in this significant bi-lateral event. Moreover, we doubt it even possible for the GOK -- with but three weeks remaining before their interagency team leaves for London -- to reschedule this major undertaking involving three Coalition capitals. Economic reform is the primary pillar and basis for our relationship with Kuwait going forward after the Gulf War. We see it as part and parcel of the larger social reform program that the government is committed to carrying out. There is, nevertheless, massive opposition among the more conservative Islamic elements in the Parliament and Embassy is loath to give this opposition time to build coalitions against the reform program. We believe it is critical that the meetings go forward as scheduled. Embassy requests Department's immediate intervention with USTR. Participation by AUSTR Novelli would be perfectly adequate for the purposes of a TIFA signing, and could jump-start the reform process while laying the ground work for future high-level meetings with USTR Zoellick. End Comment and Action Request.

10. (U) Baghdad minimize considered.

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